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SIPDIS

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TAGS: PGOV ECON IS GOI INTERNAL ECONOMY AND FINANCE GAZA DISENGAGEMENT

SUBJECT: IN SHINUI, DISSENSION PERCOLATES OVER BUDGET

Classified By: Political Counselor Norman Olsen for reasons 1.4 (b,d).

11. (C) Divisions have widened within Shinui between those who advocate withholding party support for the 2005 budget and those who advocate supporting the budget to save the government and the disengagement plan. The pro-budget group has also split over how long party chief Tommy Lapid should string Prime Minister Sharon along before agreeing to vote yea, or at least abstain, and for what goals. Lapid rejected Sharon's latest offer of NIS 600 million (USD 140 million) for Shinui's pet programs. In a Shinui party council meeting March 17, emotions flared between council chairman Uriel Reichmann and Lapid over Reichmann's call for Shinui to abstain in the vote and thus ensure the budget's passage. Lapid accused those who wish to abstain on the budget of "selling out" the party.

12. (C) Another advocate of withholding budget support, Shinui MK Chemi Doron (protect), himself a disengagement foe, told Poloff March 18 not to "pay attention to Reichmann... he wants to be minister so he's making waves." Doron said that Shinui MKs are all determined to vote against the budget." Doron was indignant over Sharon's offer to Lapid, and emphasized that "(Shinui) doesn't need money...(Sharon) can't buy us." When pressed on his claim that all Shinui MKs will oppose the budget, Doron acknowledged that two Shinui MKs at this point want to support the budget: Ilan Leibowitch and Eti Livni.

13. (C) Shinui MK Ehud Rassabi (protect), however, claimed that the majority of Shinui MKs support disengagement and, therefore, want to support the budget. Rassabi underlined that Lapid does not want the government to fall, but is engaged in a poker game, not wishing to show his hand until the last moment. "I completely rely on (Lapid's) judgment," Rassabi stressed, "and (Shinui) will all vote with one voice." Rassabi also stressed in confidence that "at the end, we'll all do the same thing -- we won't let the government fall."

14. (C) Comment: Left unknown is the degree of determination that Shinui budget opponents will show, when, at the 11th hour, they face the prospect of early elections -- and, according to recent polls, a loss of Knesset seats -- if they vote nay.

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